

Introduced by Senator Machado

February 2, 2004

An act to add and repeal Article 1.5 (commencing with Section 18705) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1162, as introduced, Machado. Income taxes: designations: California Military Family Relief Fund.

Under the existing Personal Income Tax Law, taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would additionally allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California Military Family Relief Fund, which would be created by this bill. It would require money in that fund, upon appropriation by the Legislature, to be allocated to the California National Guard to provide financial aid grants to members of the California National Guard, members of the reserves of the Armed Forces of the United States who are California residents, or both, who have been called to duty as a result of the September 11, 2001, terrorist attacks.

The bill would require the Franchise Tax Board to revise the form of tax returns to provide for the designation and would allow, upon appropriation by the Legislature, the Franchise Tax Board and the Controller to receive a portion of the funds designated to cover costs incurred in collecting and administering the funds.

The bill would provide that these provisions shall remain in effect only until January 1 of the 5th taxable year following the first

appearance of the California Military Family Relief Fund on the tax return, unless a later enacted statute deletes or extends that date. If, however, in the 2nd or any other applicable calendar year, the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000 or an adjusted amount, then this article would be repealed with respect to taxable years beginning on or after January 1 of that calendar year.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 1.5 (commencing with Section 18705)
2 is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4

5 Article 1.5. California Military Family Relief Fund

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7 18705. (a) Any taxpayer may designate on the tax return that
8 a contribution in excess of the tax liability, if any, be made to the
9 California Military Family Relief Fund, established by Section
10 18706. That designation is to be used as a voluntary checkoff on
11 the tax return.

12 (b) The contributions shall be in full dollar amounts and may
13 be made individually by each signatory on the joint return.

14 (c) A designation shall be made for any taxable year on the
15 initial return for that taxable year, and once made shall be
16 irrevocable. In the event that payments and credits reported on the
17 return, together with any other credits associated with the
18 taxpayer's account, do not exceed the taxpayer's liability, the
19 return shall be treated as though no designation has been made. In
20 the event that no designee is specified, the contribution shall be
21 transferred to the General Fund, after reimbursement of the direct
22 actual costs of the Franchise Tax Board for the collection and
23 administration of funds under this article.

24 (d) In the event a taxpayer designates a contribution to more
25 than one account or fund listed on the tax return, and the amount
26 available for designation is insufficient to satisfy the total amount
27 designated, the contribution shall be allocated among the
28 designees on a pro rata basis.



1 (e) The Franchise Tax Board shall revise the forms of the return
2 to include a space labeled the “California Military Family Relief
3 Fund” to allow for the designation permitted.

4 (1) The forms shall include in the instruction information that
5 the contribution may be in the amount of one dollar (\$1) or more
6 and that the contribution shall be used to provide financial aid
7 grants to members of the California National Guard or members
8 of the reserves of the Armed Forces of the United States who are
9 California residents, who have been called to duty as a result of the
10 September 11, 2001, terrorist attacks.

11 (2) The forms shall also include in the instruction information
12 that additional contributions may be made at any time to the
13 California Military Family Relief Fund.

14 (f) A deduction shall be allowed under Article 6 (commencing
15 with Section 17201) of Chapter 3 for any contribution made
16 pursuant to subdivision (a).

17 18706. There is in the State Treasury the California Military
18 Family Relief Fund to receive contributions made pursuant to
19 Section 18705. The Franchise Tax Board shall notify the
20 Controller of both the amount of money paid by taxpayers in
21 excess of their tax liability and the amount of refund money that
22 taxpayers have designated pursuant to Section 18705 to be
23 transferred to the California Military Family Relief Fund. The
24 Controller shall transfer from the Personal Income Tax Fund to the
25 California Military Family Relief Fund an amount not in excess of
26 the sum of the amounts designated by individuals pursuant to
27 Section 18705 for payment into that fund. It is the intent of the
28 Legislature that the 2004 tax return includes a space for the
29 California Military Family Relief Fund.

30 18707. All money transferred to the California Military
31 Family Relief Fund, upon appropriation by the Legislature, shall
32 be allocated as follows:

33 (a) To the Franchise Tax Board and the Controller for
34 reimbursement of all costs incurred by the Franchise Tax Board
35 and the Controller in connection with their duties under this article.

36 (b) To the California National Guard for the establishment of
37 financial aid grants to members of the California National Guard
38 or members of the reserves or the Armed Forces of the United
39 States who are California residents, or both, who have been called
40 to duty as a result of the September 11, 2001, terrorist attacks. The

1 California National Guard shall establish eligibility criteria for the
2 grants.

3 18708. The Legislature finds and declares all of the
4 following:

5 (a) Due to the extended war in Iraq, deployment of California's
6 National Guard and reservists average a year or more.

7 (b) Private companies do not generally offset the difference in
8 their employees' reduced salaries while serving overseas. Military
9 families are losing as much as 70 percent of their household
10 income when a primary income producer serves on active duty.

11 (c) It is the intent of the Legislature, in enacting this article, to
12 establish a fund for the granting of relief aid to persons who are
13 members of the California National Guard or members of the
14 reserves of the Armed Forces of the United States who are
15 California residents, who have been called to duty as a result of the
16 September 11, 2001, terrorist attacks.

17 18709. (a) This article shall, subject to subdivision (b),
18 remain in effect only until January 1 of the fifth taxable year
19 following the first appearance of the California Military Family
20 Relief Fund on the tax return, and as of that date is repealed, unless
21 a later enacted statute, that is enacted before the applicable date,
22 deletes or extends that date.

23 (b) If, in the second calendar year after the first taxable year the
24 California Military Family Relief Fund appears on the tax return,
25 or in any subsequent calendar year, as applicable, the Franchise
26 Tax Board estimates by September 1 that contributions described
27 in this article made on returns filed in that calendar year will be less
28 than two hundred fifty thousand dollars (\$250,000), or the
29 adjusted amount specified in subdivision (c) for subsequent
30 taxable years, as may be applicable, then this article is repealed
31 with respect to taxable years beginning on or after January 1 of that
32 calendar year. The Franchise Tax Board shall estimate the annual
33 contribution amount by September 1 of each year using the actual
34 amounts known to be contributed and an estimate of the remaining
35 year's contribution.

36 (c) For each calendar year, beginning with the third calendar
37 year that the California Military Family Relief Fund appears on the
38 tax return, the Franchise Tax Board shall adjust, on or before
39 September 1 of that calendar year, the minimum estimated
40 contribution amount specified in subdivision (b) as follows:



1 (1) The minimum estimated contribution amount for the
2 calendar year shall be an amount equal to the product of the
3 minimum estimated contribution amount for the prior September
4 1 multiplied by the inflation factor adjustment as specified in
5 paragraph (2) of subdivision (h) of Section 17041, rounded off to
6 the nearest dollar.

7 (2) The inflation factor adjustment used for the calendar year
8 shall be based on the figures for the percentage change in the
9 California Consumer Price Index received on or before August 1
10 of the calendar year pursuant to paragraph (1) of subdivision (h)
11 of Section 17041.

12 (d) Notwithstanding the repeal of this article, any contribution
13 amounts designated pursuant to this article prior to its repeal shall
14 continue to be transferred and disbursed in accordance with this
15 article as in effect immediately prior to that repeal.

